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PRACTICE AND CLIENT MANAGEMENT

Clients of Liz Hand removed their traditional hats before a meeting at Pleasant Wealth.

Advising members of devout religious communities comes with perks and challenges

By Rob Burgess
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Across the country, devout religious communities, sometimes with tens of thousands of adherents, live either partially or completely separately from the rest of society.

In areas where these groups — including the Amish, Mennonites and Orthodox Jews — have flourished, financial advisors have stepped in to serve their members' unique needs. Those who cater to these followers report that working with such a specialized clientele can have both its challenges and perks.

Robin Hovis, a financial advisor at LPL Financial in Millersburg, Ohio, practices in a "very conservative area." Almost half of the population of Holmes County, Ohio, where Hovis has lived for the past 35 years, is Amish.

"People are more financially prudent and thrifty," he said.

Liz Hand is an advisor and owner of Pleasant Wealth. The firm is based in Canton, Ohio and, like Hovis' practice, has an office in Millersburg. Pleasant Wealth has served the local Amish and Mennonite communities for over a quarter century.

Hand's father, Ellis Miller, founded the practice in 1998. Her family's background is both Mennonite and Amish. Miller is fluent in Pennsylvania Dutch and was Amish until the age of 3, when the family left the church. Now a second-generation business owner, Hand is Mennonite, which "would be the most liberal from that perspective."

"Very integrated in society, obviously, [with] computers and tech," she said. "Sometimes I wear pants. You wouldn't be able to look at me on the street and be like, 'Oh, she's from the Mennonite community.'"

David Warshaw, president of The WealthPlan in Great Neck, Long Island, works with many Orthodox Jewish clients. He said while these devout clients aren't quite religious separatists the way some Amish communities are, they still take their faith extremely seriously.

"They're working. They're professionals. They're in the world," he said. "They're just very religious people that have different planning considerations."

Garnering clients

Besides other more conventional advertising methods such as newspapers, Hovis said much of his client referrals come from word of mouth, as both the Amish and Mennonites operate in tight-knit social communities.

"If a group of them are satisfied with the services that they're getting from a particular individual or a business, that word tends to travel," he said.

Warshaw considers himself to be a modern Orthodox Jew, which helps him relate to clients who come from a similar background.

"I'm not as religious as I once was," he said. "If I was showing up to every meeting with a yarmulke, it might help me more with that community, but I could speak the language. I know what their beliefs are, so I could talk through it. But in the end, like everybody, they just want to trust somebody. … I don't think it's like a dealbreaker. They're not like, 'I'm only going to work with a guy who keeps Shabbat.'"

Investing and savings philosophies
Hand's Amish clients by and large decline to receive Social Security, Medicare or Medicaid. Nor do many Amish people use annuities and life insurance because of their religious beliefs. When an Amish client opts out of Social Security but is employed by an "English" — non-Amish — company, they still pay Federal Insurance Contributions Act (FICA) taxes, without receiving the benefits, "which is a huge life cost."

"One workaround is that there are employee leasing groups that can employ the Amish and lease to companies so that they can save that expense since they plan to opt out," she said.

Some Amish church groups don't want their members to invest in individual stocks but consider mutual funds acceptable. As far as bonds and CDs, many churches haven't given any guidance to their members, so they're free to do as they please.

Hovis said he enjoys working on investments for the Amish because he has found them to be "fundamentally honest and fair."

"I like dealing with them because they don't have cravings for instant gratification," said Hovis. "They're willing to let a fire burn, so to speak, or to wait for the seeds to germinate. They don't have selective memories, only remembering the things you told them that favor their point of view. Sometimes a client will claim that they don't remember that you told them about the risks of something, especially if it ends up going down. But I've never had that with the Amish or Mennonites."

Only on a rare occasion does Hovis encounter people in the Amish community who have a spending problem.

"They're not inclined to be materialistic," he said. "I mean that as a compliment. They tend to hold on to their earnings. They live within their means. They're very debt averse or they borrow within their own families and community. … They understand the value of saving."

The balance of power between genders
In many Amish communities, women are last to the dinner table. They care for the children. They help make the community work in the background. What they don't often do is take the lead in financial decisions.

This can become a serious problem when the husband in an Amish family dies. Though the Amish community often comes together to care for the widow and children in these cases, Hovis said he has encountered situations in which the widow is not as interested in or well-informed about the investment portfolio.

"I have to back up and start teaching her about how this works and why her husband made certain decisions and choices," he said.

Hovis hasn't encountered any cases in which the husband excluded the wife, instead, he said about half of the time, "the wives make it rather clear that they're not interested."

"They're not rude about it," he said. "It's not because she's not being made to feel welcomed by her husband."

Likewise, Warshaw said it's safe to assume that in most Orthodox Jewish households, the man is the breadwinner and the woman stays at home managing domestic affairs. However, with the cost of education, housing and everything else it takes to raise a large family, one income may not be enough. One of the main issues Warshaw runs across in the Orthodox Jewish communities is that private school education can be extremely expensive. A family with three children could easily spend $4,000 to $5,000 per month.

"It boils down to: What does the husband do? What stage of their life are they in?" he said. "I've seen a lot of the women that are teachers or social workers or psychologists, and some of them have their own side practices. When the kids are older and there's more bandwidth, they can help generate more income for the family. It's just as nuanced for that community as everybody else."